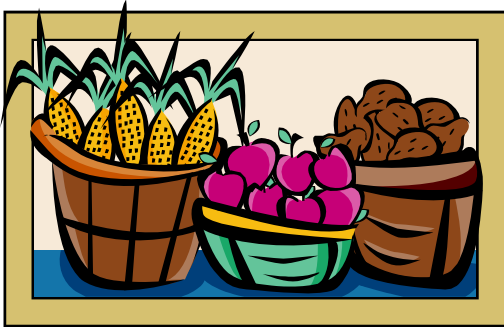


IDAHO FOOD DISTRIBUTION PROGRAM



CHAPTER 10

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FOOD DISTRIBUTION OVERVIEW

What is the Food Distribution Program?

The United States Department of Agriculture (USDA) administers the Food Distribution Program nationally. Through this program, USDA purchases foods through direct appropriations from Congress and under the surplus removal and price support activities. The foods are distributed to State Agencies for use by recipient agencies that are participating in the National School Lunch, Summer Food Service and the Nutrition Services Incentive Program (elderly). These foods are also known as commodities and consist of meats, poultry and fish, fruits and vegetables, legumes, grains and pasta, nuts and nut butters, and dairy. The USDA donates about 80 million cases of food annually, free of charge. Commodity recipients only pay the delivery charge for the commodities. Schools receive about 15-20% of the market value of food used to produce meals in the form of commodities.

National School Lunch and Summer Food Service Program

Schools that are participating in the National School Lunch Program and the Summer Food Service Program are eligible to receive USDA commodities. The amount of commodities received is based upon the number of meals served during the previous school year for lunch. USDA purchases no commodities for breakfast meals.

Entitlement

Each year USDA gives Idaho a set dollar amount based on the number of lunches served in Idaho the previous school year. This is called Entitlement. Entitlement dollars are divided up between commodities recipients based on their ADP (Average Daily Participation). Therefore, each individual school district has a set entitlement amount to spend on commodities for that particular school year. The entitlement amount is sometime referred to as their "Fair Share".

Types of Commodities

Commodities are split into 2 groups: Group A and Group B.

- **Group A** – meats, poultry, fish, fruits and vegetables, and legumes
- **Group B** – grains and pasta, cheese and dry milk, flour, oil and shortening, and nuts and nut butters

Bonus Commodities use no entitlement dollars and can be either Group A or Group B. They are unscheduled farm price support purchases by USDA.

Calendar of Estimated Commodity Arrivals

A calendar with the estimated delivery month of each individual commodity is available on our website at <http://www.sde.idaho.gov/child/> (go to Food Distribution /Commodity Availability Information/Commodity Availability). On the chart “B” designates bonus items and 2x designates a double shipment. Remember, USDA buys depending on market prices so delivery changes do occur. USDA will not purchase a commodity if the purchase will raise retail prices to the consumer.

Ordering & Receiving Commodities

How do I Order my Commodities?

There are **10** deliveries to sponsors each year from August through May. The sponsor will order commodities online. A sponsor is not required to order all the items on the list and they may choose to order none of the commodities.

Group A type commodities; cheese, processed commodities and bonus commodities are allocated as a “fair share” portion based on your meal count.

Group B type commodities except cheese are freely dispersed. This means you can receive them every month that commodities are delivered. Remember, commodities are to be **used** within six (6) months so order wisely. The “Best If Used By Dates” For Commodities tables included in this chapter shows the temperature and length of time a commodity can be stored to maintain optimum quality. Do not order more than you can use within six (6) months.

To receive a delivery to your warehouse you must order a minimum of 300 pounds of commodity product. Your order will be combined with another delivery site near you if you order less than 300 pounds. You must make arrangements to pick up your order at the other site.

Things to Consider when Ordering Commodities:

- Projected usage
- Storage space
- Incoming purchased foods
- Inventory of purchased foods
- Inventory of commodity foods
- "Best If Used By" Dates for Commodities
- Your ability to menu the item in a timely manner

Should You Order a Commodity or Purchase the Same Item?

Some commodities may not be a good value to order. Check the total cost of a commodity to your program before you order it. You may find it would be less costly to purchase the item locally. Look on the order form for the item's case price. Add any additional costs to the commodity case price that you would incur, such as:

- State Agency delivery fee
- Off site warehousing/freezer storage fees
- Extra transportation costs to each production site

Compare this combined price to your bid price or local price for a comparable purchased product. Can you purchase it for less money than receiving the item as a commodity? DO NOT spend your entitlement dollars for product you can buy for less. This applies primarily to low cost Group B type commodities such as flour and pasta. The State Agency orders these items based on your demand. The State Agency will buy other products that are more cost effective if the demand is reduced.

What are the Order Dates?

Commodity orders are done online, in two parts, each month. Complete Part 1 of the ordering process between the 1st and the 10th of the month. Complete Part 2 of the ordering process between the 16th and the 25th of the month.

What Happens to my Entitlement if I Refuse Part of my Allocation Each Month?

If you refuse all, or take a lesser amount, of your allocation, then you may not be able to use your full entitlement value in USDA commodities for the year. Any entitlement left at the end of the year is lost.

Delivery Fee

A delivery fee is charged on each case or sack of USDA commodities. The fee covers the cost of handling, storage and transportation of commodities within Idaho. Contact the State Agency for current warehousing and distribution fees.

The carrier for the commodities will call you with the delivery date and time. If you have any questions, contact the State Agency at (208)332-6820.

Commercial Labels

In 1996, vendors supplying USDA commodities for household programs were allowed to use their own commercial labels rather than the USDA labels; therefore, USDA commodities may not be identifiable by the labeling. This demonstrated a cost savings and is now in use.

Processed Commodity Products

Some commodities are further processed to reduce the labor needed and skill level for preparation, provide a more appealing product to children, and to reduce the probability of food-borne illness. The State Commodity Advisory Committee tests commodity-processed products on a regular basis to determine which products are to be available the following year.

Once an Idaho State contract is in place with a vendor, they are able to process USDA commodities for Idaho recipients. Truckloads of bulk USDA commodities, such as whole chickens, are diverted to the vendor for processing into chicken nuggets and chicken patties. Other commodities that are processed include ground beef, pork roast, eggs, and oil.

You may view the list of approved processed items showing the case pack, commodity value in the product, and the price at <http://www.sde.idaho.gov/child/> (go to Food Distribution/Commodity Availability Information/Processed Commodity Pricing). The price includes a processing fee set by the vendor for each case of product processed plus a markup to cover the distributor's services handling fees. You will receive CN labels, nutrient analysis and other information about the products yearly. You are not required to purchase Further Processed Commodities.

Receiving Commodities /Delivery Verification (Including Processed Commodities)

All commodities and processed commodities will be delivered at the same time. Plan for this and make sure you have the space and personnel available. The distribution warehouse will have you sign their delivery invoice for commodities and further processed commodities when receiving the product. Note any differences in the amount delivered or any damaged items on the carriers invoice and the Bill of Lading you have printed off. (The term "OS &D" may be used – this means Overages, Shortages and Damage.)

You **must** check in your commodity delivery every time you receive commodities:

- After the 1st of each month, and before your commodities are delivered, print the Bill of Lading for your order. The Bill of Lading will show the amount of product you are to receive.
- When your commodities are delivered, check in the items you receive against your Bill of Lading and distribution warehouse delivery invoice.
- Note any shortages, damages or overages on your Bill of Lading and on the distribution warehouse delivery invoice. You may refuse damaged product. See below for specific commodity delivery procedures for overages, shortages and damages.
- You and the driver **must** both sign the distributor's delivery invoice and the Bill of Lading if there are any changes. You will not be credited for any changes without written documentation on the distributor's delivery invoice and Bill of Lading.

- If there are any changes to your delivery you must fax a copy of the signed Bill of Lading – with all shortages, damages or overages noted to the State Agency at 208-332-6833. If there are **no** changes, **do not** fax a copy of the Bill of Lading to the State Agency.
- It is the sponsor's responsibility to have staff available to stack the off-loaded commodities in your warehouse. The state contract covers off-loading from the back of the truck to the dock only.
- Commodities must be marked with the **receipt date** on each individual container.
- Always use “First In First Out” procedures to choose which case to use first in production.

Commodity Delivery Procedures

The following information is specific for USDA commodity deliveries.

DAMAGES:

- If the commodity is packaged in bulk (a single container – such as a sack of flour) and comes in damaged, the word “DAMAGED” should be noted on the carrier’s delivery invoice and the Bill of Lading and the goods returned to the carrier’s driver.
- If the damaged commodity is a carton or package that has smaller packages within, the distributor’s delivery invoice and Bill of Lading should be noted “DAMAGED”. This time, go ahead and accept the commodity. It is presumed that part of the carton or package can be used.

Note: It is important that the word “**DAMAGED**” is noted on the distributor’s delivery invoice and Bill of Lading in both of the above instances and signed by both the driver and the recipient. This is the only way the freight carrier will honor the claim.

- If you should receive a commodity with **concealed damage** (not visible at time of delivery), contact the State Agency at 208-332-6820.

SHORTAGES

- If a shortage does happen, indicate the item(s) not received on the distributor’s delivery invoice and Bill of Lading and have the driver and recipient sign it. This is the only way the freight carrier will honor the claim.
- Fax a copy of the signed Bill of Lading – with all shortages noted to the State Agency at 208-332-6833.
- If the item(s) indicated as shorted are later received, contact the State Agency so no claim will be filed.

OVERAGES

- If an overage does happen, indicate the extra item(s) received on the distributor's delivery invoice and Bill of Lading and have the driver and recipient sign it.
- Fax a copy of the signed Bill of Lading – with all overages noted to the State Agency at (208)332-6833.
- Return the extra items to the carrier. If extra commodities are found after the carrier has left, contact the carrier to make arrangements for returning product.

Note: All commodities should be completely checked at the time of delivery.

OTHER

- Refrigerated products must be examined to ensure that the temperature of the product is adequate and that they are in good condition. This is especially essential for frozen foods. All temperatures must be logged and recorded.
- Canned foods must be examined to determine if there are any damaged, disfigured or discolored cases or cans, which might indicate spoilage or deterioration.
- Foods subject to insect infestation must be thoroughly inspected. Pinholes in flour bags indicate infestation.
- Foods found to be in poor condition must be segregated from other foods.

PAYMENT

- The carrier will be handling the billing for the commodities and processed commodities.

COMMODITIES

- You will be billed a per case delivery fee.
- If a commodity is short or rejected, it will be replaced the next time the carrier makes its normal delivery. You will be credited the original delivery fee and billed when the commodity is replaced.
- Exception to above, if you return a commodity because you do not want it, you will still have to pay the delivery fee. There will be **NO** credit given. (Note: You are not paying for the commodity, you are paying for the delivery and storage costs incurred to get the commodity to you.)

PROCESSED COMMODITIES

- You will be billed at the price per case plus the distributor's mark-up.
- If a product is short or rejected you will be credited, but you must reorder the product - it will not be replaced automatically.

Billing Information

Payment is due to the distributor 30 days from the date of delivery. They will send you monthly invoices. If you do not pay your bill within 60 days, delivery will be discontinued. After 90 days, you will not receive commodities for the remaining school year. It is imperative that you pay your invoices within the first 30 days.

What does it mean to be placed on Hold?

You are unable to receive commodities until your situation is cleared.

How can I be placed on Hold?

- Unpaid delivery invoices for commodities and/or further processed commodities
- Incomplete applications for participation in Child Nutrition Programs
- Improper Handling and Storage of USDA Commodities Foods

Planned Assistance Level (PAL) Report of Commodities Received

You may create a summary report on CNP 2000 of the kind and value of the commodities you received for any time period during a school year. You can create the PAL Summary Report at any time during the school year. You will need this information for your Annual Financial Report due every August and for the Auditor during the school audit of your program. Before you leave for the summer break, print off the PAL report and give it to your district finance person or who ever does the year-end reports and audits. (Be sure you use the date range of July 1st to June 30th for the end of year reports. The exception is for those on DOD. You will need to contact the State Agency for that beginning date.)

Department of Defense (DOD) Fruit and Vegetable Project

This program uses commodity entitlement to purchase fresh fruits and vegetables from local vendors. The DOD Project is targeted to schools that are unable to choose enough commodities to use at least 80% of their entitlement. There is a cost for handling the program that is assessed by the Department of Defense. The rates change yearly. Commodities are bid nationally by USDA in truckload lots to provide a low cost food source to schools. The DOD Project is less cost effective than commodities, but the benefit to schools is an increased ability to use 100% of their entitlement.

What if I have a Complaint or Comment About a USDA Commodity?

When a problem is discovered with any USDA Food Commodity, the State Agency should be contacted immediately at (208)332-6820.

Fill out a Commodity Complaint Form, available online at <http://www.sde.idaho.gov/child/> (go to Food Distribution/Do You Need Any of These Forms/Commodity Complaint Form). A blank form is included in the form section of this manual.

Important: The commodity needs to be placed on **HOLD** and put in a place no one can use it.

The following information needs to be provided at the time of the call:

1. Name of the commodity.
 2. What is the problem?
 3. All information off the case (contract numbers, dates, lot number, etc.)
- NOTE: If the case is unavailable, then any information from the cans or packaging.

4. Number of cases (cans) involved.
5. Date the commodity was received at your location and number of cases.
6. Present location of the commodity

You will need to save the container and/or the product if you can. If you find an object in the commodity, that object will need to be sent to the State Agency. If a camera is available, you will need to take a picture and send the picture to the State Agency. A digital picture is best so it can be sent onto USDA with the complaint.

You will receive instructions on what needs to be done with the commodity and where to send the picture and/or object. You may be asked for additional information.

Commodity Food Alert

The state Agency will advise you by FAX, e-mail or phone of a Food Alert. The notification will inform you to put the commodity item or commercial product on hold until further instructions are given, or until the state office picks up the commodity.

Transfer of Excess Commodities

If you have a commodity that you are unable to use in a timely manner you can arrange for a transfer of the product to another school or NSIP program. You must contact the receiving school and arrange for delivery. The transfer school must guarantee the commodity for three months. Commodities that are left over from Summer Food Service Programs must be transferred into existing schools on the National School Lunch Program at the end of their program year. **Paperwork Needed:** Made a list of the commodities to be transferred, have both the transfer sponsor and the receiving sponsor sign the list. Both sponsors will need a copy for their files.

Care and Storage of Food Supplies

Food supplies need to be stored in a safe, sanitary, secure, and clean manner. Procedures to monitor and maintain foods are all available in this chapter.

- Time in storage
- Temperature sheets
- Sign for maintenance
- Inventory system
- Annual Self Evaluation of Storage Facilities Form
- Health Department Inspections
- Rodent inspection by a commercial company
- Date cases as received --"First In, First Out"
- Locks on storage areas with access to only a few persons
- Contract if commercial storage company is used

You **MUST** have a thermometer in place in each storage area – freezer, refrigerator and dry. Temperatures **MUST** be recorded daily. If a temperature is out of range, then you need to report it to your maintenance area immediately for repair. Use a **Temperature Sheet** to document that temperatures are being monitored. The temperature sheet can be of any design as long as it shows the date and the temperature.

Inventory Control

As a best practice, you should maintain a food inventory system (physical inventory system or perpetual inventory system) that is reconciled monthly.

With good inventory records you:

- Know the food and supplies that are in stock
- Can determine the food and supplies that should be ordered to meet production needs
- Have information for food cost control
- Can control theft and pilferage
- Have records for insurance purposes, in case of loss

A sample of a perpetual inventory system is included in the forms section of this manual.

All foods should be marked with the receipt date on each individual case or can. Always use “**First In, First Out**” procedures.

Complete the **Annual Storage Facility Self-Evaluation Form** each year on **all** storage areas. The form is available online at <http://www.sde.state.id.us/child/> (go to Food Distribution/Do You Need Any of These Forms). Please keep this form in your records. Do **NOT** mail it to the State Agency. The State Agency reviewer will sign off on the form during the review of your program. A sample of this form is included in the forms chapter of this manual.

Freezers often go down in the summer resulting in food loss every year. It is such a waste of resources to lose this food. It is also a huge mess to clean up. Please safeguard your food supply by checking freezer temperatures every two days. Please post a sign on freezers with your name and phone number as a contact in case utilities are disconnected. See sample included in the forms chapter of this manual.

CRE (Coordinated Review Effort) Commodity Review

Reviews of your storage areas and record keeping at the district level will be conducted at the CRE review of your child nutrition program.

Disaster Relief

If a disaster is declared, commodities and other food supplies can be used to feed the public in the disaster area. The meals must be served in a congregate setting and meal counts must be taken. Keep very detailed records of all food and other items used, commodity and commercial, so that you can receive compensation. See sample sheets included in the forms chapter of this manual. Contact the State Agency (208-332-6820) for more information.

Facts About USDA Commodities Sheets

Facts About USDA Commodities is available on any commodity delivered to you. The fact sheet lists gives information about packaging, storage, uses, yield, and the nutrient analysis. The fact sheets are available on our website <http://www.sde.idaho.gov/child/> (go to Food Distribution/Links to USDA/Fact Sheets).

Idaho Child Nutrition Food Distribution Web Page

The Idaho Food Distribution Program web page has forms that can be downloaded for storage facilities reviews and commodity complaints. There are links to the USDA Food Distribution Program where you will find resources and recipes. At the CNP Resources link you will find Team Nutrition and other child nutrition related recipes. The Idaho Food Distribution web site is: <http://www.sde.idaho.gov/child/>.

For Questions about the Commodity Program Contract

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INVENTORY CONTROL IN SCHOOLS

FOOD QUALITY & SAFETY

Q: How can I effectively manage my inventory to ensure quality products are being served?

A: The most basic rule of inventory management is first-in-first-out (FIFO). You can achieve an acceptable level of accuracy by **marking the cases, or individual cans/packages, with the date you receive them and practicing FIFO**. Another important rule for inventory management is adjusting orders carefully to reflect your level of usage. Try to order just what you need to serve your customers and order for delivery just when you need it. You will have less inventory to manage, and you will significantly reduce the risk of product going out of condition. Excessive inventory increases the risk of product going out of condition.

Storage conditions have a significant impact on the quality of food products. The same product will last for different periods of time depending on the temperature of the storeroom, the humidity level, and air circulation. In general, cool temperatures and low humidity provide the best storage conditions. Store food off the floor and away from contact with walls and ceilings.

Q: How can I tell when a product has gone out of condition? Is there a single date I can refer to?

A: Experts disagree on how long a product can be kept in storage before it goes out of condition. There is no single date before which most products must be used, and after which they must not be used. Unfortunately, it's not that simple. The exception is infant formula. Infant formula and some baby foods are unique in that they absolutely must not be used after the "use-by" date that appears on the case and unit.

Some commercial products may display recommended quality dates. A "**best-if-used-by**" date means that the manufacturer recommends using the product by this date for the best flavor or quality. At some point after that date, the product will change *very gradually* in taste, color, texture, or nutrient content. But, the product may be wholesome and safe long after that date. You may also see a "**sell-by**" date on a food product. This means the manufacturer recommends that a store sell the product by that date. It is assumed that the product may then be stored for some period of time before it is used. Therefore, a "sell-by" date would be reached earlier in the life of a product than a "best-if-used-by" date. **These various dating systems do not represent expiration dates, and they do not indicate when product safety becomes an issue.**

Q: How can I tell if a product is safe to eat?

A: Absent any defects in packaging or obvious signs of spoilage and assuming proper storage, you can be reasonably confident that products are wholesome and safe.

If you have reason to question the wholesomeness or safety of a food product, open a case or individual package and carefully examine the cans or packages for rust, bulging, broken seals, insect infestation or other visible defects. **If any of these conditions are present, the food is generally considered NOT fit for human consumption.**

If there are no visible signs of spoilage, but you have reason to question the quality of the product, a sensory evaluation would be appropriate. The food should be opened, defrosted (if necessary), and cooked (if necessary). Observe the overall condition of the food including color, texture, and smell. If the food displays acceptable color, texture, and smell, you must use your best judgment regarding the quality of the food and whether or not to serve it. **DO NOT** taste any food that you have reasonable basis to suspect is unwholesome or unsafe.

If, based on this inspection, you have any doubt regarding wholesomeness or safety of the product,

(1) have local health authorities inspect it as soon as possible, and (2) make sure that it cannot be accidentally used or distributed in the meantime. If the health inspector suspects or discovers problems, immediately contact your State agency or, if you are a State agency, your FNS Regional Office for further instructions.

WAREHOUSE INVENTORY CONTROL FOOD QUALITY & SAFETY

Q: How can I effectively manage my inventory to ensure quality products are being served?

A: The most basic rule of inventory management is first-in-first-out (FIFO)...foods delivered to the warehouse first (first in) should be the first items distributed to recipient agencies (first out). You can achieve an acceptable level of accuracy by **marking the pallets, or cases if you receive mixed pallets, with the date you receive them and practicing FIFO**. This will significantly reduce the risk of product going out of condition. Also, consider the amount of product already in inventory. Excessive inventory increases the risk of product going out of condition.

Storage conditions have a significant impact on the quality of food products. The same product will last for different periods of time depending on the temperature of the warehouse, the humidity level, and air circulation. In general, cool temperatures and low humidity provide the best storage conditions. Store food off the floor and away from contact with walls and ceilings.

Q: How can I tell when a product has gone out of condition? Is there a single date I can refer to?

A: Experts disagree how long a product can be kept in storage before it goes out of condition. There is no single date before which most products must be used, and after which they must not be used. Unfortunately, it's not that simple. The exception is infant formula. Infant formula and some baby foods are unique in that they must not be used after the "use-by" date that appears on the case and unit.

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A "**pack date**" indicates when the product was packaged and processed. It is important to understand that a "pack date" several months old does not mean the product is old. For example, peas - which are generally harvested and processed during June and July - may reflect one of those months plus the year of pack. Therefore, if a shipment arrives in March, the "pack date" will be from the previous year. Recipients may think they are getting an old product because of the 9-month-old date, but the product is wholesome and of good quality. In fact, it is the same domestic product that would be found on the grocer's shelf at that time. This is true for most domestic fruit and vegetable products because they are harvested during the spring and summer months.

These various dating systems do not represent expiration dates, and they do not indicate when product safety becomes an issue. However, these dates can affect your customer's willingness to accept the product. Your inventory should be managed to prevent products that have reached their "best-if-used-by" or "sell-by" dates from being offered to your customers.